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U.S. Trade Deficit Surged To Record \$140 Billion in '86

WASHINGTON — The deficit in the broadest measure of U.S. foreign trade surged to a record \$140.57 billion in 1986 as the United States continued to widen its lead as the world's largest debtor nation, the government reported Tuesday.

U.S. 'Sabotaged' Accord On Fairchild, Japan Says

TOKYO — Japan criticized the United States on Tuesday for what it called "sabotage" of a plan by a Japanese computer company to acquire Fairchild Semiconductor Corp., a big U.S. memory chip manufacturer.



SOUTH AFRICAN SQUATTERS — Security forces demolished five unfinished squatter shelters Tuesday near Johannesburg. One of the homeless wept after the demolition of the house that her husband was building with old bricks, using mud instead of cement. Authorities, meanwhile, reported an upsurge of violence. Page 6.

Shamir Asks For Calm in Pollard Case

JERUSALEM — Prime Minister Yitzhak Shamir appealed for calm Tuesday amid expressions of outrage from U.S. officials and leaders of American Jewish groups over Israel's role in the Jonathan Jay Pollard spy scandal.

3 Catholic Clinics in Europe Defy Vatican on Artificial Fertilization

PARIS — Defying the Vatican's recent ruling on human reproduction, several Roman Catholic medical institutions in Europe said Tuesday that they would continue to help sterile couples conceive through in vitro fertilization.

Klosk U.S. Court Bars Deaver's Suit

WASHINGTON (UPI) — The U.S. Circuit Court of Appeals for the District of Columbia turped aside Michael K. Deaver's challenge of the independent counsel law Tuesday.

Immunity Agreement Reached on Poindexter

WASHINGTON — Congressional investigators and the special prosecutor in the Iran-contra affair reached agreement Tuesday on granting limited immunity from prosecution to Rear Admiral John M. Poindexter, a key figure in the investigation.

Rabin Says U.S. Reneged

Glenn Frankel of The Washington Post reported earlier: The Israeli defense minister, Yitzhak Rabin, has accused the U.S. Justice Department of reneging on its agreement with Israel by refusing to grant prosecutorial immunity to the Colonel Sella, who allegedly recruited Mr. Pollard to spy for Israel.

Alfa Romeo advertisement featuring the logo and text: Alfa Romeo, the Italian automaker, tries to recapture its past.



FAREWELL — Vladimir Khrushchev, right, captain of the Soviet freighter that sank last week off New Jersey, thanking Lieutenant Keith Comer, the U.S. Coast Guard pilot who aided in the rescue. On Tuesday, the 37 rescued seamen met President Ronald Reagan, who gave Captain Khrushchev a model of the helicopter used in the mission.

Economic Hard Times Settle on Texas

Everybody in Amarillo knew what this unhappy news meant: Shaky loans would soon be called, credit would be tighter, and a way of life and lending built on handshakes, friendships and family ties would end.

To the White House They Run, but Why?

By Paul Taylor Washington Post Service WASHINGTON — It was almost as if Michael S. Dukakis, the Democratic governor of Massachusetts, had no choice.

Tax Cut Points to U.K. Vote

Personal Rates Drop 2 Points In Budget Plan

By Warren Getler International Herald Tribune LONDON — The government announced on Tuesday a budget for the fiscal year beginning April 1 that will cut personal income tax, a move regarded here as an indication that Prime Minister Margaret Thatcher will call an early general election, perhaps as soon as June.

The tax cut is expected to increase consumer spending and stimulate the economy. Mr. Lawson also announced a reduction in the government's public borrowing, which should push down interest rates and help spur corporate investment and economic growth.

The budget is virtually assured of approval because of Mrs. Thatcher's large majority in Parliament. Mrs. Thatcher, seeking a third term in office, must call for a national ballot by June 1988.

After the budget announcement, the British pound closed above \$1.60 in New York for the first time since December 1982.

Other tax reductions, including those related to the value-added tax, amount to £300 million, bringing the total package of tax relief next year to about £2.5 billion.

See BUDGET, Page 2

It's the toughest decision in the world," said Walter F. Mondale, the former vice president and senator from Minnesota who was the 1984 Democratic nominee, "and there are no manuals."

INTERNATIONAL Herald Tribune

Gray Northern Spring

The world economy, like spring, can be cold and slow. This year the outlook seems poor for the North and therefore bleak for the South. In the United States more indicators point to weakness than to strength...

For Rebirth at UNESCO

The election campaign is quietly gathering steam for a new leader of UNESCO, the United Nations cultural agency that the United States quit at the end of 1984.

Warnings, Not Laws

Democrats in Congress propose requiring employers to give workers substantial notice of layoffs and to consult with them or local authorities before the door is shut.

Other Comment

Expect Shifts and Reverses Mikhail Gorbachev's talk of reform has put East European Communist governments in a novel situation.

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1958-1982. KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER, Co-Chairmen.



Poland: America's Reversal Is Late but Welcome

WASHINGTON — Having belatedly reversed its policy toward post-Solidarity Poland only last month, the Reagan administration seems to be making up for lost time by going out of its way to lend support.

Chile: Make This Pair Answer for Letelier's Killing

DURHAM, North Carolina — If Ronald Reagan still wants to prove to a skeptical world that his promise of "swift and effective retribution" against terrorism is more than empty words, he has a golden opportunity.

Soviet Military: Divergent Estimates of the Threat

WASHINGTON — There is growing evidence of the Reagan administration's misuse of intelligence to portray the Soviet military threat in ways that undermine existing arms control agreements and exacerbate the Strategic Arms Limitation Treaty (SALT) negotiations.

A Decision Of Moment For Korea

WASHINGTON — A crucial decision for South Korea — how to choose the successor to President Chun Doo Hwan, whose term will expire in 1988 — must be made this year.

Respected South Koreans such as Cardinal Stephen Kim Sou Hwan of Seoul fear that government proposals to move toward a parliamentary system are a subterfuge for General Chun and the military autocracy to continue to dominate.

General Chun appears determined that this will not happen. His rule has become increasingly repressive. In 1983, 250 people were imprisoned for "political" offenses such as possession of forbidden literature.

Secretary Shultz said in a statement to Mr. Park's death "in an interesting way," and he complimented the government for removing the interior minister.

Floyd J. Haskell, a former U.S. senator from Colorado, is a trustee of the International Center for Democracy Policy in Washington.

1912: Rules for Kissing NEW YORK — The announcement by G.W. Kittredge, chief engineer of the New York Central Railroad...

1937: Earhart Sets Off OAKLAND, California — Amelia Earhart, America's premier aviator, hopped off here for March 17 for Honolulu...

CURRENCY Budget Bidders The OT

مكتبة النهر

OPINION

It's Gorbachev, Not Reagan, Who Risks Footnote Status

By William Safire

WASHINGTON — I once met a Russian reformer, "Alexander Fedorovich," I said — this was 37 years ago, and sassy cub reporters tossed around first names — "tell me about the reforms."

ESSAY

been given the help that Stalin received in World War II, the world would be a different place today. Alexander Kerensky was one of the revolutionary leaders who overthrew the czar early in 1917. He became the prime minister of the provisional government pledged to bring freedom to the Russian people.



By HANEL in Frankfurt Allgemeine. C&W Syndicate.

'I Wanted Someone to Make This Man Stop'

By Ellen Goodman

BOSTON — Elizabeth Reese doesn't fit the public profile of a victim of sexual harassment. She isn't a secretary or a mine worker. She wasn't backed into a corner of her office or chased around the desk. She wasn't propositioned or threatened with the loss of her job. Nobody laid a glove on her.

MEANWHILE

bringing this on myself? Am I doing something to intimidate this man? This kind of thing destroys your self-esteem. It gets you wondering about your capabilities and your objectives.

LETTERS TO THE EDITOR

'Monster Bugs': Don't Blame WHO's Malaria Program

It is hoped that your report, "Misuse of Insecticides: Creating 'Monster Bugs'" (Feb. 19), is a misrepresentation of what was said during a recent meeting of the American Association for the Advancement of Science.

Waking Up the Press

True, the American press is to be lauded for its thorough pursuit of Iranagate, but what happened during the preceding six years? Richard Reeves, in "Sweden's Press: So Free but So Docile" (March 11), deems that "the U.S. system of less legal protection and more pugnacious confrontation is superior."

Of Moslems and Terror

Bravo to Mohamed Kamal for the opinion column "Yes, Terror — but Why Call It 'Moslem' or 'Arab'?" (Feb. 16). The West is turning increasingly against Islam and much of the blame belongs to the press.

The Faces of Sandinism

In his opinion column, "Nicaragua: A Revolution Gone Astray" (Feb. 27), Jas Gawronski did not do his homework. The United States has put pressure on the Sandinist government since it came to power in 1978.

Letters to the Editor

she was good at it, because the harassment came from one manager. "I took it and I took it." The very last straw, the very last day, was when she saw this man approach a colleague, seven months pregnant, with a bent coat hanger in his hand.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

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Table showing prize breakdown for Lotto 6/49. Columns include Prize, No. of Prizes, and Prize Value. Total prize value is \$27,423,226.00.

LOTTO 6/49 SUBSCRIPTION ORDER FORM

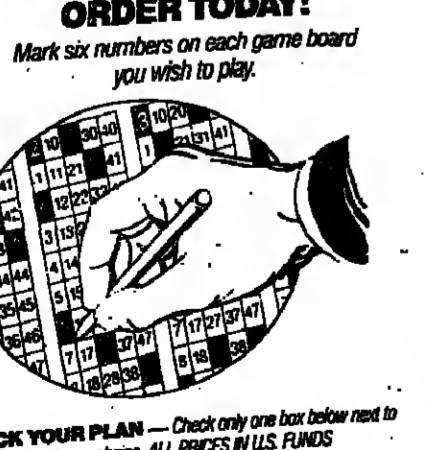
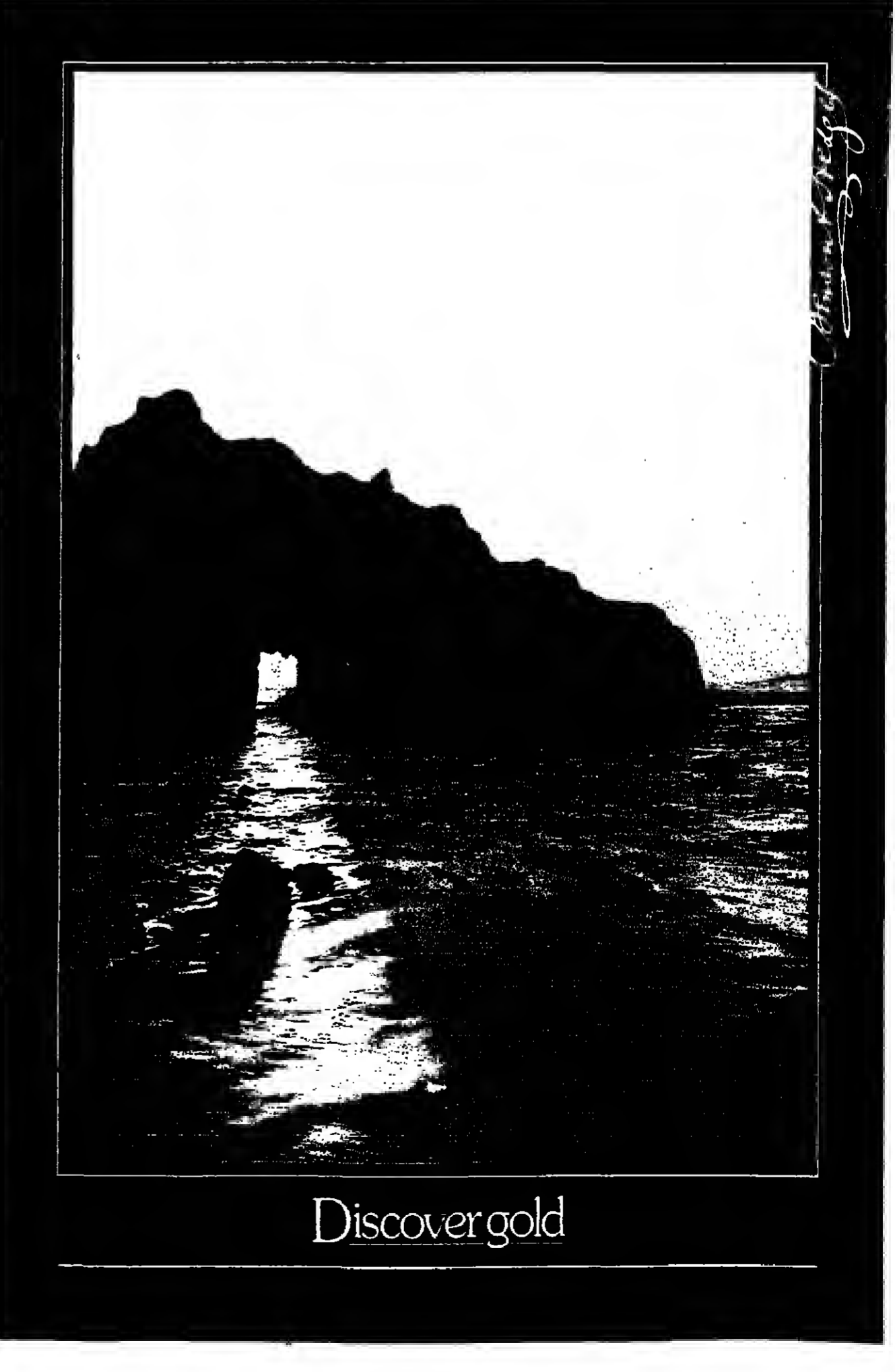


Table for Canadian Overseas Marketing Order Form. It shows a grid of 6x49 numbers for each of 6 boards, with a 'Play Today' button.

Subscription order form details including 'FREE BONUS' options (10, 26, or 52 weeks), fields for Name, Address, City, Country, Postal Code, Telephone, and Signature.



Discover gold

Japan Ends 5 Decades Of Antarctic Whaling

Tokyo Grudgingly Bows to Pressure, Pledges a Total Phaseout of Industry

By John Burgess
Washington Post Service
TOKYO — Five decades of Japanese whaling in Antarctic waters came to an end over the weekend when a Japanese fleet there killed its 1,941st mink whale of the season and prepared to sail for home. Crewmen on the five vessels, a mother ship and four small chase craft, sounded horns and received a message of commendation from their commander after the harpooning of the whale, the last allowed under a quota.
The withdrawal from Antarctica puts Japan an important step closer to a total end of commercial whaling. That is to come one year from now, when Japan has promised to halt whaling close to its shores.
The country has moved grudgingly in the face of strong international pressure. It denies assertions that the whales it hunts are in danger of extinction and says whaling is a valuable facet of Japanese culture that should be preserved.
"I know that others may have different views toward wild creatures," said Kinshiro Sorimachi, an official at the Japanese Whaling Association, "but in Japan we believe whales are a resource that should serve human beings."
Japanese whaling began more than four centuries ago. In the years after World War II, whale meat was an important source of protein in the Japanese diet and is still available in some restaurants in the country. The industry, however, is now a fraction of its former size, employing only about 3,000 people.
The Japanese news media gave the final expedition to Antarctica full end-of-an-era honors. Newspapers covered the departure of the



John Stalker

New Turn in Ulster 'Shoot to Kill' Inquiry

Detective Who Was Removed as Head of Investigation Quits the Police Force

By Francis X. Clines
New York Times Service
LONDON — The ranking British detective who tried to investigate charges of a "shoot to kill" policy among anti-terrorist policemen in Northern Ireland, Deputy Chief Constable John Stalker, has quit the police force, complaining that he was not permitted to finish his inquiry.
Mr. Stalker, who resigned Monday, left behind an uncertain investigation that reportedly would have implicated at least 11 Northern Irish officers on charges of obstruction of justice.
He also left his name on what is being called "the Stalker Affair," a controversy that critics of the government's Northern Ireland policy say casts a shadow over the English-Irish agreement and over British resolve to deal fairly with the nationalist Roman Catholic minority in Northern Ireland.
Because of his reputation as an independent-minded detective, Mr. Stalker was reassigned from Manchester by the British authorities in 1984 to head the inquiry into allegations that six unarmed Irish paramilitary suspects were killed by the Northern Irish police in late 1982.
A year ago, on the eve of the most crucial step of his inquiry — an attempt to obtain the contents of a police tape recording of one of the shootings — Mr. Stalker was

suspended from the assignment and placed under investigation himself. The charges, which originated from within the police force and focused on rumors of misconduct, eventually were dismissed, but Mr. Stalker was not reinstated in the Irish investigation.
"There was no reason I should not have resumed the job on my return to duty," Mr. Stalker said in a newspaper essay he wrote for The Observer on Sunday in which he warned that the police force's reputation could be compromised by the "narrowness and dangerous self-delusion of one or two more senior officers."
Mr. Stalker, who is under the constraints of British law in discussing details of the affair, did not elaborate. He quit the force, according to associates, because he found he had been ostracized by police colleagues in his return to the Manchester command, the largest in the nation.
The Northern Irish inquiry, focusing on the police of the Royal Ulster Constabulary, has continued on schedule under another officer's direction, according to British officials who insist that the inquiry's results have not been compromised by the Stalker affair.
In particular, the British authorities responsible for governing Northern Ireland emphatically deny there was any conspiracy within the force to frustrate Mr.

U.K. Court Orders Sterilization of A Retarded Girl

The Associated Press
LONDON — Three Appeal Court judges have ordered that a 17-year-old girl be sterilized because she has a mental age of 5. They said the operation would be for her own good.
Civil rights and mental health organizations, however, called the decision an extreme measure and a dangerous precedent. "We hope the decision is not a charter for indiscriminate sterilization of women with a mental handicap," said Mencap, a charity to aid mentally handicapped people.
A judge, Sir George Dillon, said in the decision on Monday that the girl was becoming sexually aware and the consequences of her being pregnant were "frightening."
"She does not link, and never will be able to link, sexual intercourse with the birth of babies and would be wholly unable to look after a baby or child if she were to have one," the judge said.
Lawyers said the case cleared up a gray area of English law. They said applications were pending for the sterilization of other mentally retarded young women and now were likely to be approved.
Judge Dillon said that although sterilization would "take away a basic human right," the loss of that right "would mean nothing" to the girl, identified only as Jeanette.

Ethiopia Reshuffles Cabinet

Agence France-Press
ADDIS ABABA, Ethiopia — In a major shake-up of the Ethiopian government, the ruling military council has replaced the ministers of defense, finance, foreign trade and law and justice.
It also named a new army chief of staff and air force commander.
Analysts said the cabinet reshuffle, announced late Monday, was the most sweeping since 1980 and appeared to be the first step in a major reorganization by the ruling Workers' Party of Ethiopia before elections for a national parliament and the eventual return to civilian administration.
This process is expected to be completed by September.
Lieutenant General Tesfaye Gebre Kidan lost the defense portfolio to Major General Haile Giorgis Haile Mariam, the former army chief of staff.
Wolke Chekol moved from foreign trade to the Ministry of Finance. He was succeeded in foreign trade by Tadesse Gebre Kidan, the former governor of the National Bank.
The law and justice portfolio went to Wondyeset Mekdem, not previously prominent in government, while the former deputy minister of finance, Bekele Tamirat, was appointed governor of the National Bank.
The commander of the air force, Major General Fanta Belay, was named industry minister, and the air force commander went to Brigadier Amha Desta, a highly decorated veteran.
The former chief administrator of Eritrea Province, Major General Merid Negussie, was named army chief of staff.

West German Sentenced In Schleyer Kidnapping

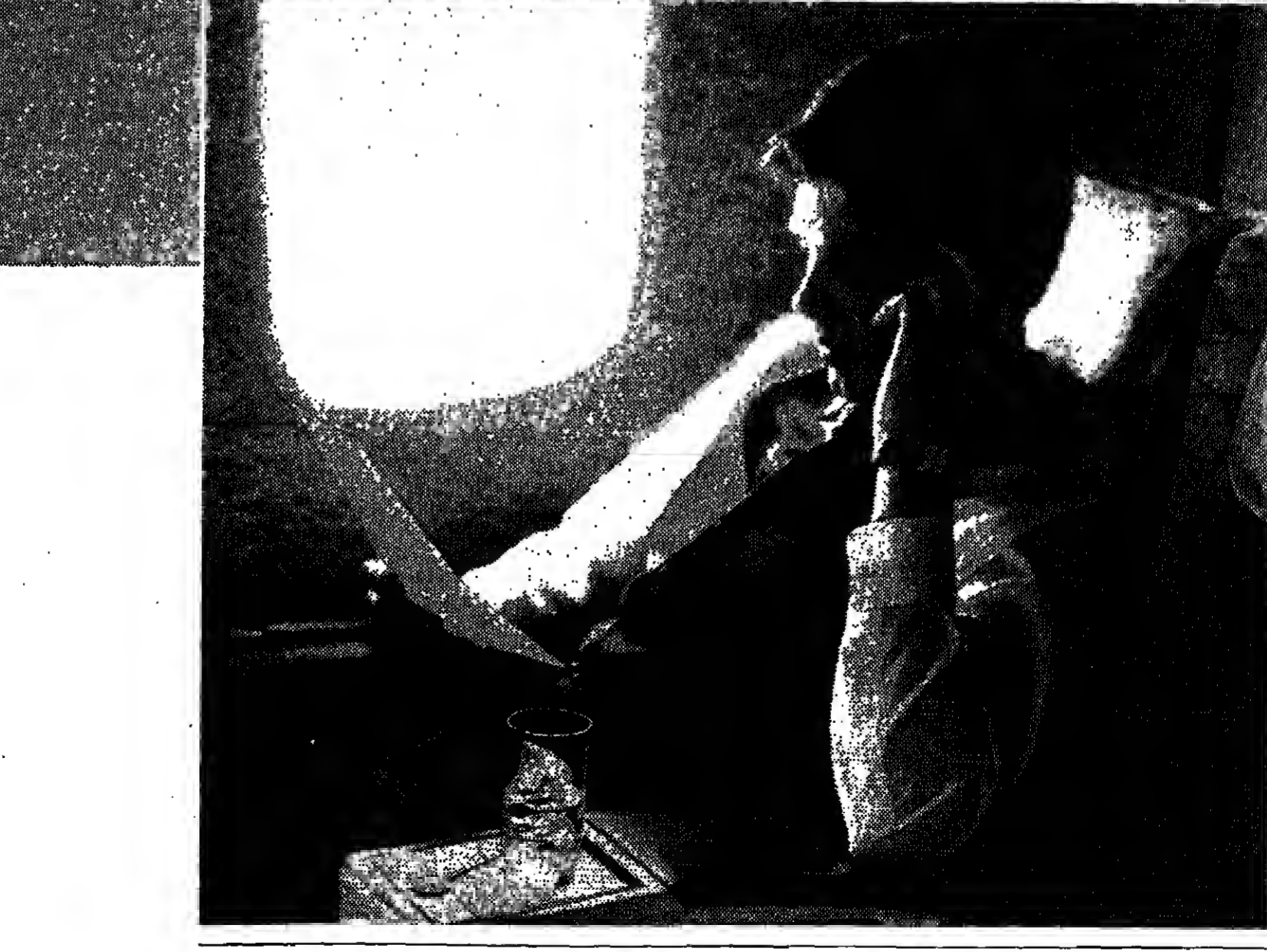
The Associated Press
DUSSELDORF — A West German court sentenced Rolf Klemens Wagner, a member of the Red Army Faction, to life imprisonment on Monday for the kidnapping and murder in 1977 of Hanns Martin Schleyer, his driver and three bodyguards. Mr. Schleyer was president of the National Employers' Association.
The court ruled that although there was no proof that Mr. Wagner had shot Mr. Schleyer and the other victims himself, he was a willing accomplice in the planning of the attack. The court found that Mr. Wagner had served as a spokesman for the Red Army Faction group that carried out the slayings.

WE MAY HAVE MORE FLIGHTS A WEEK TO JAPAN, BUT THE ONE THAT MATTERS IS YOURS.

"MY BEST DECISION SINCE I WAS APPOINTED TO THE BOARD."

BANK: Some Hard Times in Texas

(Continued from Page 1)
And their troubles are washing back over nearly every aspect of community life, the schools, the hospitals, the churches, the arts.
Probably no bank has so thoroughly dominated its region as the First National. It does 42 percent of the banking business in the area, nearly as much as the nine other banks combined, and its economic sphere of influence extends to Kansas, Colorado, Oklahoma and New Mexico.
Under its late chairman and president, Virgil P. Patterson, it grew over the last four decades by sinking deep and tangled roots throughout its region and built astonishing loyalty and deposits. It sold stock to many people with modest incomes and began what Gene Edwards, its retired chairman, said was a "very aggressive lending philosophy" that backed young risky businesses that have since prospered.
"Our bank assisted a lot of folks in the past," said its current chairman and chief executive officer, Don Powell, son of a candy and tobacco peddler. "People remember that."
But now critics wonder if the bank's management was as good as everyone thought, if the very connections that made the bank rich are now the source of its troubles, if the board was reluctant to do what had to be done to halt its decline.
"The board became very complacent," said one local businessman familiar with the bank. "They didn't think the loans would go bad. The board and management did not move quickly enough to reduce overhead. They were friends of the borrowers."
"They were looking through rose-colored glasses," said another leading businessman. "There's been a terrific loss of confidence because these businessmen did not know they had bad loans."



Costa Rica Protests to U.S.

Washington Post Service
WASHINGTON — The Costa Rican government, in the first official protest it has ever filed on any subject with the United States, has alleged that the United States has pressed it to be more cooperative in helping the Nicaraguan rebels.
Costa Rica, in a note delivered to the U.S. Embassy in San Jose on Monday, also demanded a clarification of U.S. statements and positions reported by the Tower commission as part of its investigation mission as part of its investigation of the Iran-contra affair.
It referred to the U.S. commission's report that a plane supplying aid to the Nicaraguan rebels landed at a secret airstrip in Costa Rica on June 10, 1986, long after President Oscar Arias Sanchez had rejected U.S. requests.
The note also asked for official clarification of remarks to Lewis A. Tarbo, former U.S. ambassador to Costa Rica, in which he said his primary mission there would be to help the contra open a southern front in Nicaragua.

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ARTS / LEISURE

Satirizing Aida's Success

By Robert Cushman

LONDON—Just a few years ago...

"yuppies" (spelled out by FA as...

THE LONDON STAGE

were doing putting on what is really...

Another gaping stage, the one at...

DOONESBURY

A FEW LIPS AFTER MY...

cooking, especially in Lent, when...

That might be interesting, and...

The play is written in short...



Vivienne Westwood's corsets, crowns and capes...



Galliano's leggy emphasis.

Westwood's Jokes, Galliano's Generosity

By Hebe Dorsey

International Herald Tribune

LONDON — With Vivienne...

tured seams that shaped them like...

tall and languid beauties seen on...

The flower-petal-soft, calla-lily...

attempts at promotion and organiza-

Musical satire, indeed, is one of...

GENERAL NEWS

Croatian Leaders Attack Wage Freeze

Reuters

BELGRADE — The Communist...

week, Tanjug said that most of the...

far-reaching autonomy. The eight...

branch of the Confederation of...

Chernobyl Jars Poles Into Environmental Activism

By Jackson Diehl

Washington Post Service

WROCLAW, Poland — Nine...

For many political activists in...

Leaders of the banned Solidarity...

plant that inspired the Freedom...

Gerald Moore, 87, Is Dead; British Piano Accompanist

Reuters

LONDON — Gerald Moore, 87...

Graham Johnson, a friend, "he...

Nevertheless, in the 10 months...

Bennington Raises Costs

Table with columns for International Funds (Quotations Supplied by Funds Listed) 17 March 1987. Includes various fund names and their values.

Vertical sidebar containing various advertisements and notices, including 'Panasonic Office Automation' and 'Desperate in a Moment'.

WEDNESDAY, MARCH 18, 1987

INTERNATIONAL MANAGER

Desperately Seeking Sanity In a Money-Minded Milieu

By SHERRY BUCHANAN

LONDON — The caricature of the successful executive emerging from the insider trading scandals is that of a power-hungry human being with no sense of values or obligation other than the pursuit of short-term self-interest.

The happy executive has a sense of humor about himself and his work.

In his coming books, "Unstable at the Top" and "Prisoners of Leadership," based on a survey of 82 North American companies, Manfred Kets de Vries, a psychoanalyst and professor of organizational behavior at the European Institute of Business Administration in Fontainebleau, France, describes how corporate power distorts the perceptions of chief executives and how disastrous the consequences can be for a company.

Other observers are concentrating on what makes the happier executives tick. Happy executives, according to experts in organizational behavior, have achieved an equilibrium between their work and personal life. They also have reconciled their work and their values rather than compromising their beliefs to get ahead.

According to research by Larry L. Cummings, a professor of organizational behavior at Northwestern University's Kellogg Graduate School of Management, happy executives also have a sense of humor about themselves and their work.

In a survey of 60 French chief executives by Club Convergence, a Paris organization of management consultants, two-thirds said they were happy and felt they had achieved an equilibrium between their own individual goals and corporate life.

The average age of the chief executives surveyed by Club Convergence is 50. Does an emphasis on personal fulfillment come with age? Not necessarily. In his research, Mr. LaBier found that the majority of American executives over the age of 47 belonged to Mrs. Egnell's second group. They defined their self-worth in terms of their position and had adapted well to the corporate culture even though they may not have agreed with its values at the start — thereby eliminating conflict.

VW Had Warning On Fraud

Lawyer Says He Sought Meeting

By Ferdinand Proczman

FRANKFURT — Volkswagen AG's supervisory board chairman was approached five weeks ago by an attorney representing a client involved in fraudulent foreign exchange trading at the giant automaker, but refused a meeting to discuss the client's confession, a West German newspaper reported.

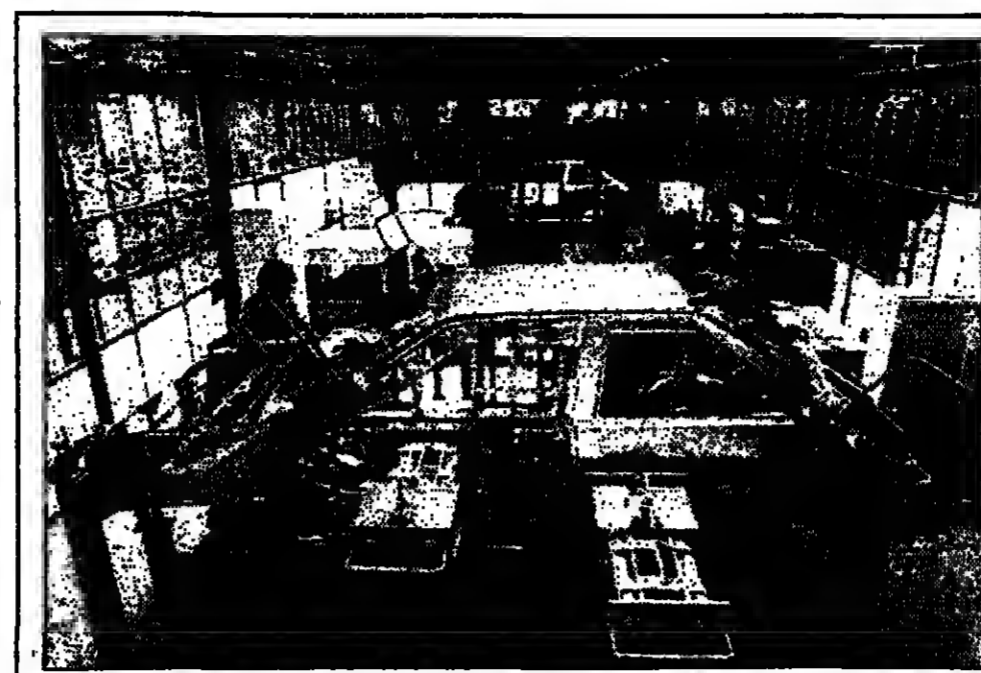
In an article published Tuesday in the Frankfurter Allgemeine Zeitung, Egon J. Geis, a Frankfurt defense attorney, said he spoke with Volkswagen's supervisory board chairman, Karl Gustaf Rajten, about a letter from a client involved in the affair, and said "a confession will follow shortly."

But in the telephone conversation on Feb. 10, Mr. Rajten declined to meet with Mr. Geis, and, in a subsequent letter, replied that he was not the most suitable person to deal with the matter, according to the article. In that conversation, Mr. Geis also told Mr. Rajten that there "were losses reaching a three-digit million figure."

If true, Mr. Geis's comments would be in contradiction to Volkswagen's contentions that it was ignorant until Feb. 18 of what it alleges were illegal foreign exchange dealings. The company says the losses could cost it as much as 480 million Deutsche marks (\$259 million).

The correspondence has been given to the Frankfurt prosecutor. Banking sources in Frankfurt said the news further damages the reputation of VW's managers.

But Mr. Geis's comments shed no light on the mechanics of the fraud, banking sources said. In the conversation of Feb. 10, Mr. Rajten requested the client's letter be sent by mail and said he was aware of manipulations in the company's foreign exchange trading.



Inside the Alfa Romeo quality-control laboratory.

Alfa Tries to Reclaim Days of Glory

Fiat Unit to Rebuild Around Model 164, Due Next Fall

By John Tagliabue

ARESE, Italy — For Alfa Romeo, the Italian maker of fast and expensive automobiles, there were days of glory, as when Dustin Hoffman drove a jaunty Alfa Romeo off into a Pacific sunset in the movie "The Graduate." And although the tale may be apocryphal, people here still relate how Henry Ford always tipped his hat when an Alfa drove by.

But Alfa's gleam had dulled by January of this year, when Fiat SpA, the largest Italian automaker, bought Ford Motor Co. to acquire Alfa's assets.

Now, Fiat is unfolding a strategy to combine Alfa and Lancia, Fiat's big-car division, to carve out a larger share of the lucrative market for big and powerful automobiles. That market, with its fat profit margins, has been the domain of such northern European automakers as Volvo, Daimler-Benz and Bayerische Motoren Werke AG, the maker of BMW cars.

These luxury-car companies have reaped huge profits across the Atlantic in recent years, thanks to America's appetite for expensive European automobiles. In response, General Motors Corp. has begun selling the

Alfa Romeo sports car assembled by Italy's Pininfarina, and Chrysler Corp. plans to market a Maserati-designed sports model. Furthermore, Chrysler is negotiating to acquire Bologna's small and exclusive Lamborghini sports car company.

For Fiat, the new unit, to be known as Alfa-Lancia Industrie, represents a ticket for re-entry into the United States, where it was squeezed out in the 1970s by strong Japanese competition. Alfa, meanwhile, has retained a presence in the United States. This year it expects to sell about 10,000 cars to Americans.

See ALFA, Page 15

Japan Economy Grows by 2.5%, A 12-Year Low

TOKYO — Japan's economy turned in its worst performance in 12 years in 1986, as the strong yen battered exporters and sapped business confidence, the government said Tuesday.

The Economic Planning Agency said economic growth slowed to 2.5 percent in the past calendar year, from 4.7 percent in 1985.

Private economists said they saw little hope of a quick recovery. The 1986 figures were the worst since 1974, when the economy contracted by 1.4 percent because of the first sharp rise in oil prices.

Tuesday's figures are likely to increase overseas and domestic pressure on the government to boost the sagging economy, private economists said.

The United States, plagued by a huge trade deficit, has been urging Japan to stimulate its domestic economy and increase imports. Japan's trade surplus with the United States totaled \$51.5 billion in 1986, 30 percent higher than the \$39.5 billion in 1985.

Japanese businessmen have recently joined the calls for changes in government policies as their exports have shriveled.

The yen's 60 percent rise against the dollar in the past two years has forced Japanese exporters to raise prices and cut sales in the huge U.S. market.

In Tuesday's report, the agency said that gross national product rose 0.8 percent, adjusted for inflation, in the October-December quarter, after a 0.7 percent increase in the previous three months.

Agency officials said the figures meant it would be difficult for the government to achieve its forecast of 3 percent growth in GNP for the year ending March 31. Gross national product measures a country's total output of goods and services.

To meet that target, which was cut last December from an original forecast of 4 percent, the economy would have to show growth of 2.6 percent in the final three months of the fiscal year, they said.

Until now, the economy has been supported by strong spending by shoppers. But consumer spending dropped

0.7 percent in the final quarter of 1986 from the previous three months, the first drop in 12 years. Government officials blamed the decline largely on the unusually warm winter weather, which cut sales of clothing, heaters and other seasonal goods.

"Sure, consumers may have spent less on winter clothes or heaters because of the warm winter," said Shoji Saito, general manager of Mitsu Bank's economic research division, "but they have done so because they have become even more uneasy about their future pay raises."

With unemployment at record levels, because of the impact of the strong yen on exports, workers will stop pushing for large raises and probably save rather than spend whatever they get, economists said.

Housing Starts Climbed 2.6% in U.S. in February

WASHINGTON — U.S. housing construction rose 2.6 percent in February to the highest level in 10 months, the government reported Friday.

The Commerce Department said that new homes and apartments were started at an annual rate of 1.85 million units last month after a revised 0.5 percent drop in January.

The increase, the biggest advance since a 10.8 percent rise in December, pushed the annual construction rate to the highest level since April.

The advance in housing starts last month came from a 5.6 percent surge in construction of single-family homes. That figure offset a 4.1 percent decline in multifamily housing starts.

Economists' optimism on single-family construction is bolstered by the fact that mortgage rates, which fell last year to the lowest levels of this decade, are showing no signs of rising.

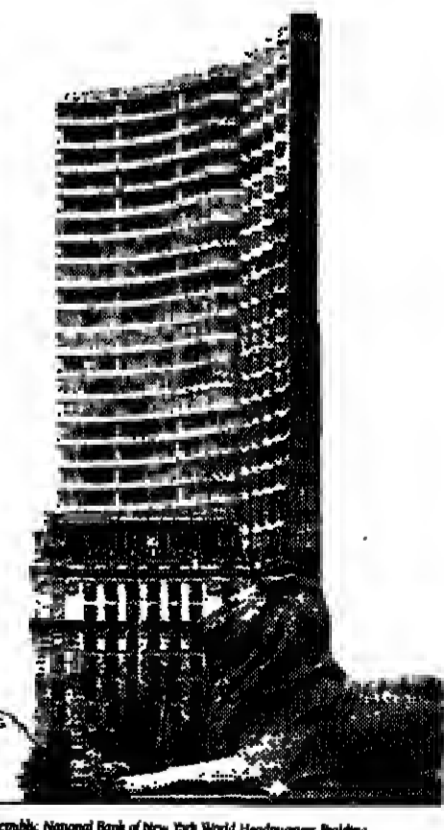
But consumer spending dropped

IF YOU PURSUE EXCELLENCE, ONLY ONE BANK CAN KEEP UP.

is a single, fundamental principle: the protection of depositors' funds. It should come as no surprise, then, that this pursuit of excellence results in considerable advantages to private banking clients, and the application of the very highest standards of excellence to the handling of your personal finances.

Republic's subsidiary in Luxembourg provides private banking clients with the protection of the stringent banking laws of that country, and experienced account officers who speak your language. And Republic's expertise internationally allows you to take advantage of opportunities to better manage your investments on a global scale.

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Republic National Bank of New York World Headquarters Building, New York, New York

REPUBLIC NATIONAL BANK OF NEW YORK

A SAFRA BANK

NEW YORK MIAMI LOS ANGELES MONTREAL LONDON PARIS LUXEMBOURG MONTE-CARLO MILAN GILBRALTAIR GUERNSEY HONG KONG SINGAPORE TOKYO PANAMA NASSAU BUENOS AIRES SANTIAGO MONTEVIDEO CARACAS MEXICO CITY PUNTA DEL ESTE RIO DE JANEIRO SAO PAULO

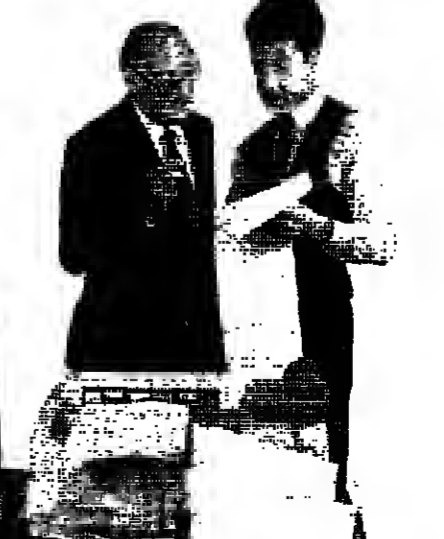
FIGURES AS AT DECEMBER 31, 1986: TOTAL ASSETS: US \$ 16.8 billion SHAREHOLDERS' EQUITY: US \$ 1.6 billion



For Republic National Bank of New York, the relentless pursuit of excellence has achieved nothing less than excellent results. Republic has grown to be the 11th largest bank in the United States, in terms of shareholders' equity.

It is active in 19 countries around the world, including the important banking centers of London, Luxembourg, Milan, Paris, Hong Kong, Singapore, Montreal, Tokyo, and of course, New York.

The bank has always been highly selective in lending. It emphasizes very conservative activities, investing in safe and liquid assets and using its extensive expertise to trade profitably in precious metals, foreign exchange, bonds and bank notes. Underlying every aspect of Republic National Bank's pursuit of excellence



Currency Rates

Table with columns for City, D.M., S.F., P.F., H.L., G.M., S.F., S.F., Yen. Lists rates for Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Tokyo, Zurich, and ECU.

Continued in London and Zurich. Exchange in other European centers. New York rates of 4 P.M. Commercial rates. (a) Amounts needed to buy one pound. (b) Amounts needed to buy one dollar. (c) Units of 100 (1/100) Units of 1,000 (1/1000) not available. N.A.: not available. (d) To buy one needs \$15.15.

Other Dollar Values

Table with columns for Currency per U.S., Currency per U.S., Currency per U.S., Currency per U.S. Lists values for Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Colombia, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Israel, Italy, Japan, Korea, Kuwait, Malaysia, Mexico, Netherlands, New Zealand, Norway, Portugal, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, U.A.R., Venezuela, West Germany.

Interest Rates

Table with columns for Eurocurrency Deposits, Dollar, D-Mark, Swiss Franc, Sterling, French Franc, ECU, SDR. Lists rates for 1 month, 3 months, 6 months, 1 year.

Key Money Rates Mar. 17

Table with columns for United States, Discount rate, Federal funds, 90-day Treasury bill, 3-month Treasury bill, 3-month CD's. Lists rates for each category.

U.S. Money Market Funds

Table with columns for Discount rate, Call money, 3-month interbank, 6-month interbank. Lists rates for each category.

Gold

Table with columns for Date, A.M., P.M., C/ve. Lists gold prices for New York, London, and other locations.

NYSE Most Actives table with columns: Vol, High, Low, Last, Chg. Lists top trading stocks like Phillips 66, Amstar, etc.

Market Sales table with columns: NYSE 4 a.m. volume, NYSE prev. close, etc.

NYSE Index table with columns: Composite, Industrials, Utilities, Finance, High, Low, Close, Chgs.

Tuesday's NYSE Closing Via The Associated Press logo

AMEX Diary table with columns: Class, Prev., Advancing, Declining, etc.

NASDAQ Index table with columns: Class, Chgs, Prev., Year Ago.

AMEX Most Actives table with columns: Vol, High, Low, Last, Chg. Lists active stocks like BAT, Wmrig.

Dow Jones Bond Averages table with columns: Bonds, Utilities, Industrials, Close, Chgs.

NYSE Diary table with columns: Class, Prev., Advancing, Declining, etc.

Odd-Lot Trading in N.Y. table with columns: Buy, Sales, %YTD.

Dow Jones Averages table with columns: Open, High, Low, Last, Chg. Includes Industrials, Utilities, Finance, Comp.

Standard & Poor's Index table with columns: High, Low, Close, Chgs. Includes Industrials, Utilities, Finance, Total Issues.

NASDAQ Diary table with columns: Class, Prev., Advancing, Declining, etc.

AMEX Stock Index table with columns: High, Low, Close, Chgs.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Indexes at Record Highs

NEW YORK — Prices on the New York Stock Exchange rose to record highs on Tuesday, with the Dow Jones Industrial Average recording its biggest one-day gain in a month.

The Dow Jones industrial average, which fell 10.22 Monday, closed 36.36 higher at 2,284.80, a record. The previous Dow high was 2,280.23 on March 6.

Advances led declines by a 5-2 ratio. Volume was about 174.3 million shares, compared with 134.9 million Monday.

The Dow's gain, which followed four sessions of losses, was the biggest one-day advance since March 17, when the index jumped a record 54.14 points.

Broad-market indexes also rose to record highs. The New York Stock Exchange composite index rose 2.07 to a new record high of 166.41. The old mark of 165.96 was set March 12.

Standard & Poor's 500-stock index rose 4.24 to a new high of 292.47, bettering the old mark of 291.22, also set March 12. The price of an average share gained 54 cents.

Investors put aside their concerns about Friday's "triple-witching hour," dealers said and, impressed by gains in the oil and technology sector, helped the entire market move higher.

"We became preoccupied in recent days with milestones like the triple expirations, but the fact is there are buyers out there with a lot of liquidity. They came out to buy today," Alan Ackerman, an analyst with Gruntal & Co. said.

He said the market continued to confound the experts.

The impetus for Tuesday's gain came from oil and technology stocks, which responded to higher oil prices and strong February housing starts numbers, traders said.

With oil prices approaching \$19 a barrel and investors becoming more optimistic that the Organization of Petroleum Exporting Countries will hold to its prescribed production quotas, oil stocks pushed ahead.

The energy sector was also helped by an upgraded recommendation of a number of the oil stocks by Sanford Margoshes of Shearson Lehman Brothers.

He recommended Imperial Oil, up 2 1/4 to 51 3/4, Standard Oil 2 1/4 to 64 1/4, Exxon 2 1/4 to 84 1/4, Chevron 1 1/4 to 55 1/4 and Atlantic Richfield 2 1/4 to 78 1/4.

IBM gained 2 1/4 to 147 1/4, Digital Equipment 5 1/4 to 166 1/4, Unisys four to 103 1/4, Cray Research three to 124, and Hewlett Packard 2 1/4 to 59 1/4.

Schulmerger, which on Monday called off the sale of its semiconductor unit Fairchild to Japan's Fujitsu Inc., rose two points to 39 1/4 in active trading. Traders said that Schulmerger, an oil services company, may have benefited from the sharp rise in oil prices as well as speculation that it may be able to arrange a new buyer for Fairchild.

Halliburton gained three to 34 1/4, Dresser 7/8 to 27 1/4, Global Marine 1/4 to 1 1/4 and Hughes Tool 1/4 to 13 1/4.

Reynolds metals rose 2 1/4 to 59 1/4 after Furman Selz issued a report focusing on strong earnings potential from Australian Gold Holdings.

Chopard GENEVE advertisement featuring an image of a watch and text: "Chopard GENEVE", "GSTRAD A timeless masterpiece", "Available in gold and stainless steel, solid 18 kt gold or enhanced with diamonds, the 'Gstrad' watches can be found in Geneva at Chopard Boutique - Confédération Centre - Tel. (22) 29 37 28 and leading jewellers worldwide."

Table A: NYSE Most Active Stocks list including AAR, AMT, AMER, etc.

Table B: NYSE Most Active Stocks list including AMX, AMZN, ANCO, etc.

Table C: NYSE Most Active Stocks list including AMB, AMT, AMER, etc.

Table D: NYSE Most Active Stocks list including AMX, AMZN, ANCO, etc.

Table E: NYSE Most Active Stocks list including AMB, AMT, AMER, etc.

Table F: NYSE Most Active Stocks list including AMX, AMZN, ANCO, etc.

Table G: NYSE Most Active Stocks list including AMB, AMT, AMER, etc.

Table H: NYSE Most Active Stocks list including AMX, AMZN, ANCO, etc.

Table I: NYSE Most Active Stocks list including AMB, AMT, AMER, etc.

Table J: NYSE Most Active Stocks list including AMX, AMZN, ANCO, etc.

Table K: NYSE Most Active Stocks list including AMB, AMT, AMER, etc.

Table L: NYSE Most Active Stocks list including AMX, AMZN, ANCO, etc.

Table M: NYSE Most Active Stocks list including AMB, AMT, AMER, etc.

Table N: NYSE Most Active Stocks list including AMX, AMZN, ANCO, etc.

Vertical text on the right edge of the page, possibly a page number or reference.

Arabic text at the bottom center: "مكتبة القرآن"

BUSINESS ROUNDUP

Conrail Sale May Bring \$1.7 Billion

NEW YORK — In what will be easily the largest initial public offering in U.S. history, Consolidated Rail Corp. has estimated that the sale of its government-owned shares could earn the freight railroad as much as \$1.7 billion.

Conrail was created by the government in the mid-1970s from the bankrupt Penn Central Railroad and six other bankrupt or failing railroads in the northeastern United States.

SMH Says Profit Rose About 15% Last Year

BIENNE, Switzerland — The country's leading watch maker, which produces the Omega, Tissot and Swatch brands, estimated Tuesday that its profit rose about 15 percent last year.

After several years of large losses, the railroad company posted its first profit in 1981. Conrail earned \$491 million in 1986 on revenues of \$3.14 billion, a 2 percent increase from its 1985 profit of \$442 million.

Philips, Siemens Design Europe's First 'Superchip'

BONN — Siemens AG of West Germany and Philips NV of the Netherlands have developed Europe's first computer "superchip" and hope to beat Japan and the United States into the market.

Honda Shifts Some Motorcycle Building to U.S.

TOKYO — Honda Motor Co. said Tuesday it had shifted production of some large motorcycles to its U.S. subsidiary, Honda Motor of America Inc., partly because of the yen's appreciation against the dollar.

Royal Trust Boosting Foreign Share of Earnings

TORONTO — Royal Trustco, in a move unique among Canadian trust companies, is pursuing a global expansion that could lift the foreign share of its yearly earnings to 50 percent, according to the company's president, Michael Cornelissen.

Global operations, which made up 22 percent of Royal Trust's 154 million Canadian dollar (\$117 million) net profit in 1986, will post 33 percent growth in profit this year, Mr. Cornelissen said in an interview.

Central to Royal Trust's strategy is rapid economic growth in Asia and huge pools of Japanese capital, Mr. Cornelissen said. Citing statistics indicating that by the year 2000 Asia will contain two-thirds of the world's population and 50 percent of global productive capacity, Mr. Cornelissen said: "We knew we had to be there."

Jaguar Pins U.S. Sales Hopes On Revamp of XJ6 Mainstay

DETROIT — Jaguar PLC, the revitalized British car maker, will make a new assault on the U.S. market with the launch this month of a redesigned version of its mainstay XJ6 luxury sedan.

VW: Lawyer's Letter

(Continued from first finance page) ing operation, according to Mr. Geis. In a letter dated Feb. 11, Mr. Geis confirmed the main points of the conversation and said he was not empowered to send the client's letter by mail, and preferred to deliver it in person.

COMPANY NOTES

Baker International Corp. said it agreed to sell the assets and business of its electric submersible oil well pump product line in the continental United States of Baker Oil Tools Inc. unit to Trico Industries Inc. for an undisclosed amount.

It planned to raise about \$500 million, largely through the sale of debentures, in U.S. capital markets in three to four months. Officials of the West German concern said most of the funds would be used to pay a \$600 million of bridge loans taken out last month when Hoechst bought Celanese for \$2.8 billion.



All of these bonds having been placed, this announcement appears for purposes of record only.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT Washington, D.C. U.S.\$ 250,000,000 7 3/4 % Notes of 1987, due 1997

Table listing international banks and their capital markets: Deutsche Bank Capital Markets Limited, Credit Suisse First Boston Limited, Algemene Bank Nederland N.V., Banca Commerciale Italiana, Banque Nationale de Paris, etc.

All of these securities have been sold. This announcement appears as a matter of record only. March 1987

TELEMATIC Common Stock offering details. Lists 2,550,000 Shares and 2,050,000 Shares. Lists participating firms: Alex. Brown & Sons, Robertson, Colman & Stephens, Bear, Stearns & Co. Inc., etc.

Tuesday's NYSE Closing

Tables include the nationwide prices on the closing on Wall Street and do not reflect lot trades elsewhere.

13 Month High Low Div. Yld. PE St. High Low Close Chg. NYSE Stock

(Continued) NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

13 Month High Low Div. Yld. PE St. High Low Close Chg. NYSE Stock

(Continued) NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

13 Month High Low Div. Yld. PE St. High Low Close Chg. NYSE Stock

(Continued) NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

NYSE Stock

U.S. Futures

Via The Associated Press

Grains: WHEAT (CBOT), SOYBEAN MEAL (CBOT), SOYBEAN OIL (CBOT)

Live Stock: CATTLE (COMEX), HOGS (COMEX), PORK BELTIES (COMEX)

Currency Options: PHILADELPHIA EXCHANGE, GOLD (COMEX)

Financial: U.S. TREASURY BONDS (CBOT), U.S. TREASURY BONDS (CBOT)

Commodity Indexes: NYSE COMP. INDEX (NYSE), NYSE COMP. INDEX (NYSE)

Market Gains: COMEX, NYMEX, NYFE

Stock Indexes: NYSE COMP. INDEX (NYSE), NYSE COMP. INDEX (NYSE)

Market Gains: COMEX, NYMEX, NYFE

Food

COFFEE (NYMEX), SUGAR (COMEX), COCOA (COMEX)

Metals: COPPER (COMEX), ALUMINUM (COMEX), ZINC (COMEX)

Industrials: LUMBER (COMEX), CRUDE OIL (COMEX), NATURAL GAS (COMEX)

Stock Indexes: NYSE COMP. INDEX (NYSE), NYSE COMP. INDEX (NYSE)

Market Gains: COMEX, NYMEX, NYFE

Stock Indexes: NYSE COMP. INDEX (NYSE), NYSE COMP. INDEX (NYSE)

Market Gains: COMEX, NYMEX, NYFE

Stock Indexes: NYSE COMP. INDEX (NYSE), NYSE COMP. INDEX (NYSE)

MUNICIPAL BONDS (CBOT)

MUNICIPAL BONDS (CBOT), EURO DOLLARS (NYMEX), BRITISH POUND (NYMEX)

Stock Indexes: NYSE COMP. INDEX (NYSE), NYSE COMP. INDEX (NYSE)

Market Gains: COMEX, NYMEX, NYFE

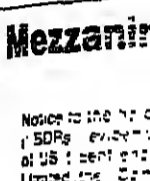
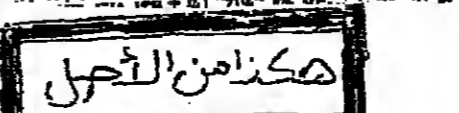
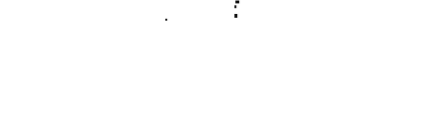
Stock Indexes: NYSE COMP. INDEX (NYSE), NYSE COMP. INDEX (NYSE)

Market Gains: COMEX, NYMEX, NYFE

Stock Indexes: NYSE COMP. INDEX (NYSE), NYSE COMP. INDEX (NYSE)

Market Gains: COMEX, NYMEX, NYFE

Stock Indexes: NYSE COMP. INDEX (NYSE), NYSE COMP. INDEX (NYSE)



Notice to the reader... Mezzani...

conference on October 2... outstanding and govern... the United St... senior execu... an annual co... For full de... announce... Herald Tribu... WCZE 9JH.C

Floating-Rate Notes

Table of Floating-Rate Notes with columns for Issuer/Note, Coupon, Maturity, Bid, and Ask prices.

Table of Pounds Sterling with columns for Issuer/Note, Coupon, Maturity, Bid, and Ask prices.

BUSINESS PEOPLE

Morgan Stanley Hires L.E. Lehrman

By Arthur Higbee International Herald Tribune Morgan Stanley Group Inc. has recruited Lewis E. Lehrman as a senior advisor and a director of Morgan Stanley Asset Management.

SPANFAC The deciding factor in Spain Specialists in putting buyers with suppliers Our goal is to promote international trade with Spain

BNP INTERBOND FUND DIVIDEND PAYMENT NOTICE (COUPON No. 3) As of 20 March coupon No. 3 detached from shares of "BNP INTERBOND FUND" will be payable at the counters of BNP (Luxembourg) SA.

REPUBLIC OF ICELAND DM 125,000,000 6 1/2% Bonds due 1997

Mr. Lehrman said he still had political ambitions, but wanted to help Morgan Stanley "build a world-scale investment management company." Mr. Lehrman resigned after nine years as head of Rite Aid Corp., a national drugstore chain.

WESTDEUTSCHE LANDESBANK GIROZENTRALE BANQUE PARIBAS CAPITAL MARKETS CITIBANK AKTIENGESELLSCHAFT COPENHAGEN HANDELSBANK A/S

Mezzanine Capital Corporation Limited

Notice to the holders of the fully paid Redeemable Preference Receipts ("BDRs") evidencing Participating Redeemable Preference Shares of US 1 cent each ("Shares") of Mezzanine Capital Corporation Limited ("the Company").

Table of Deutsche Marks with columns for Issuer/Note, Coupon, Maturity, Bid, and Ask prices.

Table of Japanese Yen with columns for Issuer/Note, Coupon, Maturity, Bid, and Ask prices.

Table of E.C.U. with columns for Issuer/Note, Coupon, Maturity, Bid, and Ask prices.

Asia Pacific Growth Fund Weekly net asset value on the Amsterdam Stock Exchange 13-3-1987 US \$32.70

BARRICK U.S. \$50,000,916 BARRICK RESOURCES (USA) INC. (Incorporated with limited liability in the State of Delaware, USA) 2% Guaranteed Gold Indexed Notes due 1992

OIL & MONEY IN THE EIGHTIES. LONDON, OCTOBER 22-23, 1987. The eighth International Herald Tribune/Oil Daily conference on "Oil and Money in the Eighties" will take place on October 22 and 23 in London.

CURRENCY MARKETS

Budget Lifts Pound to 4-Year High

NEW YORK — The British pound rose sharply Tuesday as investors rushed to beat a predicted rise in British interest rates, while the dollar advanced from earlier lows to finish mixed on the day.

Table with 2 columns: Currency, Rate. Includes London Dollar Rates for various currencies like Deutsche Mark, Japanese Yen, Swiss Franc, French Franc, and Source: Reuters.

rate from the current level of 10.5 percent and that investors will seek to lock in high yields in currencies of stable countries.

Other factors contributing to the pound's strength are the sharp rise in oil prices and a belief that the currency intervention endorsed in a Feb. 22 pact by six industrialized nations in Paris focused on the mark and the yen.

In London, the pound ended at \$1.5978, off the day's highs but up from \$1.5835 Monday. The dollar closed at 1.8375 DM, unchanged, and at 151.95 yen, up from 151.38.

The pound's rise sent the dollar down after, but it recovered when the U.S. Treasury secretary, James A. Baker 3d, told a House subcommittee that the currency pact "should foster more stability in exchange rates around their current levels."

The British budget for the fiscal year beginning April 1, unveiled in Parliament by the chancellor of the Exchequer, Nigel Lawson, calls for a sharp reduction of government borrowing of \$6.4 billion rather than the anticipated \$11.2 billion.

The dollar, meanwhile, closed in New York at 1.8335 Deutsche marks, up from 1.8335 Monday, and at 151.800 yen, up from 151.525. It fell to 6.1025 French francs from 6.1050 and to 1.5335 Swiss francs from 1.5350.

The focus was on sterling and the U.K. budget, said Chad Dickson, vice president of Salomon Brothers International. "The primary reason for sterling's strength is to take advantage of yields that are expected to come down very soon."

It is widely expected that the British budget will prompt a reduction of one percentage point in the Bank of England's base lending rate.

FUJITSU: 'Sabotage' Claim

(Continued from Page 1) 1987. The reduction is expected to continue into the second quarter. Fujitsu itself issued a terse one-paragraph statement that appeared to emphasize the political nature of the issue.

It read: "While Fujitsu and Schlumberger reached an agreement in principle last October for integrating Schlumberger's Fairchild semiconductor operations and Fujitsu's U.S. and European semiconductor operations, Fujitsu and Schlumberger agreed to terminate such a plan in view of the rising political concerns in the United States."

The acquisition would have given Fujitsu control of a comprehensive North American sales and distribution system and access to microprocessor technology, an area where it is weak, analysts said.

It also would have given it 14 additional microchip production facilities worldwide, eight of them in the United States.

"It was an entry point, a port for semiconductors and a marketing channel for other things," said Rick May, who follows the industry for Barclays de Zoete Wedd, a banking and securities concern.

But, several analysts agreed, the purchase would not have given Fujitsu access to or control over critical U.S. military technology, despite U.S. officials' concern.

"Fairchild simply doesn't have key technology," Mr. May said. "That's a thing of the past."

The furor could also wind up harming U.S. companies.

"This is not really of benefit to U.S. firms either," said Nick Edwards, an analyst with Jardine Fleming Securities in London.

"The pooling of resources in semiconductors is a positive move — why should the government step in to prevent it?" (NYT, Reuters)

Demand Wilt for Debt Securities of Exposed U.S. Banks

NEW YORK — Debt securities issued by major U.S. banks are under pressure in the secondary market as investors shy away from the paper because of Brazil's suspension of interest payments, analysts and traders say.

Brazil announced Feb. 20 that it would suspend interest payments on \$68 billion owed to foreign commercial banks. No date was established for the renewal of payments. As a result, bank securities have become very difficult to sell despite a rise in their yields, one corporate bond trader said Monday.

"Debt issues of major money center banks will probably continue to trade off until such time as the Brazil situation is resolved," said Loreta Neuhaus, a vice president with Merrill Lynch Capital Markets.

"I have not told any of our investors to stay away from the banks in general," she added. "But I have not received too many inquiries by prospective buyers lately, either."

Traders said that debt securities of U.S. banks that are perceived by investors to be heavily exposed to Latin American debtor nations declined moderately in price last week. The difference between bids and offers widened, they added.

"There is not much trading of bank issues these days," an underwriter said. But he and others noted that the secondary market has not seen heavy selling by institutions, funds and other investors. "The selling has been steady over the past couple of weeks," another trader said, "but it has been far from panicky."

Institutional sources said Friday that Salomon Brothers Inc. lowered its investment ratings on the stocks of all U.S. money centers. But the sources said the move was not perceived as a sell recommendation.

The institutional sources said that Salomon lowered the ratings to M from O-plus on bank stocks. Bond traders said that the action affected the secondary market and further undermined confidence in bank paper.

The sources said that Salomon cited a filing with the Securities and Exchange Commission by Citibank, the lead bank of Citicorp. Citibank said Friday it told the SEC that its net earnings could be reduced by \$190 million for all of 1987 if it had to declare \$3.9 billion of Brazilian loans nonperforming.

Bidders for CGCT Criticize Delors

By Axel Krause International Herald Tribune

PARIS — Several West European telecommunications executives on Tuesday assailed a proposal by Jacques Delors, president of the European Commission, that the French government award control of France's second largest telecommunications company to Siemens AG of West Germany.

Mr. Delors argued Sunday that awarding control of state-owned Compagnie Generale de Constructions Telephoniques to Siemens would stimulate industrial cooperation within the European Community.

"Mr. Delors was wrong. He would have done better to look more closely at the situation, because we happen to be very Euro-

pean," said Francois Le Menestrel, managing director of Societe Anonyme de Telecommunications de France, at a news conference.

SAT, a privately owned telecommunications company, has submitted one of five competing bids for control of CGCT with its partner, a joint venture of American Telephone & Telegraph Co. and Philips NV of the Netherlands.

Wim Huisman, a Philips vice president, stated, "Philips regrets that politics has taken the upper hand in this matter." He said it was "an insult" to imply that companies involved in the SAT-AT&T-Philips bid were not European.

"Of course, AT&T is supplying some technology and other inputs, but to suggest this is an American-dominated venture, as Mr. Delors

did, was not exactly accurate," Mr. Huisman said.

Nils Lundin, a senior vice president of L.M. Ericsson of Sweden, another bidder, said by telephone from Stockholm, "We not only consider ourselves European, but we have French partners, which will control an 80 percent share of our proposed venture."

The Reagan administration, which has been supporting the AT&T-Philips bid, has warned both the French and West German governments that it would retaliate against their business in the United States if control were awarded to Siemens on political grounds.

The French government has set April 30 as the deadline for deciding which of the five groups will receive control of CGCT.

are," said Delev Borscheid, an analyst at Marketing Systems, a consulting company in Essen, West Germany. "But to do that, you must have quality and image."

Lately, Alfa has had little of either. Its problems mounted over the past dozen years, as low productivity, lagging investment in new products and technology, and a fast-spinning carousel of new managers caused sales to shrink and losses to pile up.

Last year, Alfa suspended an unusual joint venture with Japan's Nissan Motor Co. to make a compact car near Naples called the Arma, after Italians failed to warm in the Arma's bland looks.

"It's a leap without a net. It's got to work."

ALFA: Fiat Unit Plans to Rebuild Around the Model 164, Due This Autumn

(Continued from first finance page) mostly on the Atlantic and Pacific seaboard.

Giuseppe Tramontana, 47, Alfa's chief executive officer, wants to raise that number sharply. He said Alfa-Lancia hopes to sell 60,000 cars in the United States by the 1990s.

Fiat, after a profitable year, is not in a crisis. But it realizes that to sustain growth in the increasingly competitive European market, success in larger cars is crucial.

Fiat's car division edged back from disaster in the early 1980s by selling large numbers of small, low-priced automobiles in such low-income European countries as Italy and Spain and in such developing nations as Brazil.

But competition from the Japanese and from American and other European automakers, particularly GM and Volkswagen AG, has grown fierce, and Fiat executives are seeking to offset the pressure by increasing sales of top-of-the-line cars.

Alfa's image has been tarnished by a perceived decline in workmanship, and northern Europeans began to shun it as it established a reputation for rusting in the cold, wet climate. Alfa sales in West Germany, once the company's largest

export market, plummeted to about 6,700 cars last year, from 26,000 cars in 1978.

Fiat is sparing an effort to turn Alfa around. Several years of strong profits have set Fiat awash in cash, and the company is outfitting the new big-car division with \$1 billion in basic capital, wiping out Alfa's accumulated debt. Fiat executives say they expect combined losses for Alfa-Lancia to total \$1.1 billion by the early 1990s, when by Fiat's reckoning the division should return to profitability.

The goal is to rebuild Alfa around a new flagship, the 164 around, with a big six-cylinder engine and a top speed of 145 mph (230 kph). The car is based on a joint development by Alfa, Fiat and Sweden's Saab-Scania AB.

The 164 is to be unveiled next autumn at Frankfurt's auto show, underscoring the intention to take on the Germans on their home court.

Analysts give Fiat high marks in cost-cutting — outside of Italy, its Cromo model sells for about \$5,000 less than the comparable Saab 9000 — but they warn of dangers in the company's strategy. The dollar's collapse on currency exchange markets has boosted the price of European cars in the United States, just as Fiat is attempting to return there.

In addition, although Europe's affection for large luxury automobiles is expected to continue in such prosperous areas as West Germany and the Netherlands, companies like Daimler-Benz, Audi and Volvo expect the Japanese to follow their big-car invasion of North America with a similar drive into the European luxury market, which they have thus far ignored.

Tuesday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. Via The Associated Press.

Table with 12 columns: High, Low, Stock, Div. Yld., Sales in 1986, High, Low, 4 P.M. CLOS. Includes various OTC stock listings.

Table with 12 columns: High, Low, Stock, Div. Yld., Sales in 1986, High, Low, 4 P.M. CLOS. Includes various OTC stock listings.

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Tuesday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

BOOKS

OVERHEAD IN A BALLOON: Twelve Stories of Paris

By Mavis Gallant. 196 pages. \$16.95. Random House, 201 East 50th Street, New York, N.Y. 10022.

Reviewed by Michiko Kakutani

The title of Mavis Gallant's latest collection of stories refers to a balloon ride taken by one of the characters...

An expatriate herself (she left Canada in 1950 to live in Paris), Gallant writes with the observant eye of an outsider...

(Michiko Kakutani is on the staff of The New York Times.)

BEST SELLERS

Table listing best-selling books with titles, authors, and weeks on list.

Table listing fiction and nonfiction best sellers with titles, authors, and weeks on list.

Solution to Previous Puzzle

PARLE BACH JAW
OBDES ORTHO OLE
ABAFF PERIL SOB
CELTICT WILLIGHT
HYD MOS DER
LAG PERSEIDS
SENAT SERE GRIT
THEWESTERNWORLD
EROS PUNS ORALS
MENDIUNS PRY
JON AGR SAE
ARTISTABAYOUNG
AGA STALK INANE
FEZ TERMS NEVIS
TEE SRTA GREET

BRIDGE

By Alan Truscott

THE two divisions of the North American Pair Championship, known in past years as the Grand National Pairs, ended March 4 after six months of preliminary effort at club and district level.

But Jamitschke as West reasoned well and chose the club ace. He was sure that South held a long solid diamond suit to justify his opening...

West led the club ace.

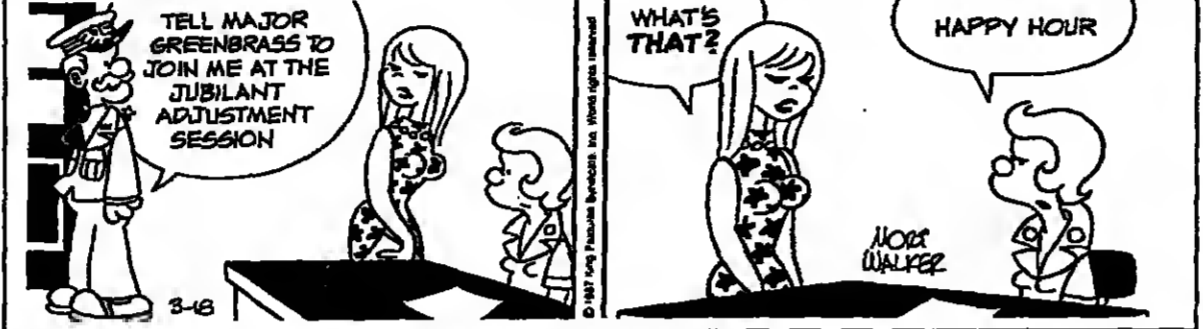
PEANUTS



BLONDIE



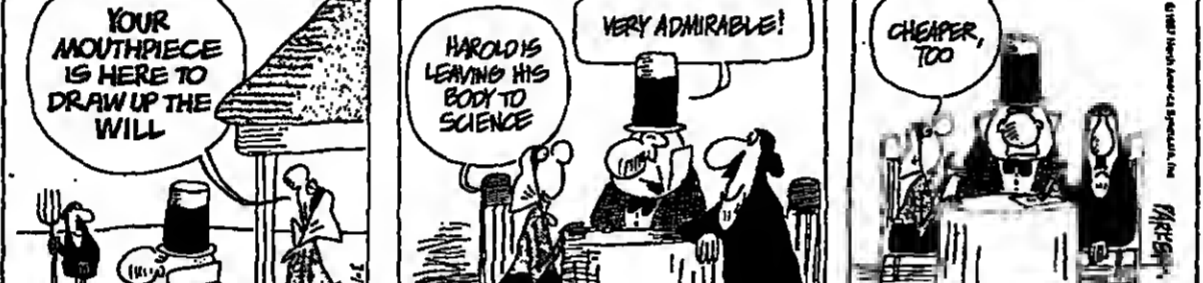
BEEBLE BAILEY



ANDY CAPP



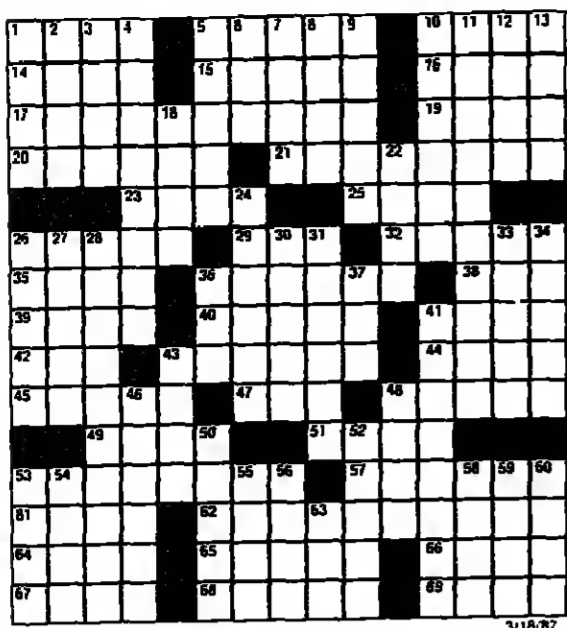
WIZARD OF ID



REX MORGAN

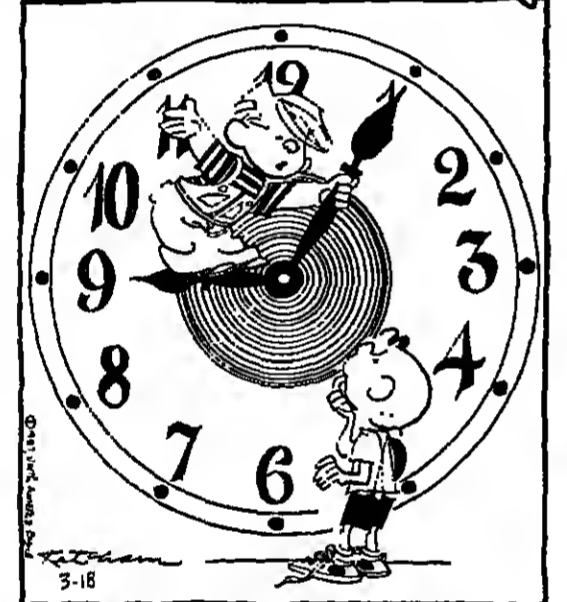


GARFIELD



ACROSS
1 Very small antelope
3 Times of prosperity
10 Secondhand
13 Exposed
15 Incur
16 Wheel hub
17 Greeting
18 Prattle
20 Tricky football kick
21 Reckon wrong
23 --- acre (churchyard)
25 Sentry's command
26 Sealing disk
29 A.M.A. members
32 Die mark
33 Actor Bates
36 Plane figure
38 Shoeleace
39 Love's anthesis
40 Hit in
41 Neglers' targets
42 Fragment for Fido
43 Get a promotion
44 Pop-music
45 "The Man," 1971 Heslon film
47 Lusitania's last gasp

DENNIS THE MENACE



JUMBLE THAT SCRAMBLED WORD GAME
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

WEATHER
EUROPE HIGH LOW ASIA HIGH LOW
Africa: Algeria 18 24 17 16; Egypt 22 27 18 18; Libya 13 22 13 13; Morocco 13 22 13 13; Tunisia 13 22 13 13.

World Stock Markets. Table showing closing prices in local currencies for various markets including Amsterdam, Paris, London, Hong Kong, Frankfurt, Zurich, Tokyo, Singapore, and Sydney.

Financial data tables including Canadian stocks, European currencies, and various market indices.

WEDNESDAY'S FORECAST - CHANNEL 1: Rough FRANKFURT: Overcast, Temp. 5-11; -21. LONDON: Cloudy, Temp. 5-14; -11. MADRID: Partly Overcast, Temp. 4-10; -1. NEW YORK: Partly Cloudy, Temp. 12-18; -21. PARIS: Partly Cloudy, Temp. 4-12; -2. ROME: Partly Cloudy, Temp. 12-18; -21. TEL AVIV: Partly Cloudy, Temp. 12-18; -21. TOKYO: Partly Cloudy, Temp. 12-18; -21.

Vertical sidebar containing various advertisements and notices, including 'English Ru...', 'SPORT', 'US-Germa...', 'For the Rec...', 'SCORE', and 'ART Results Sch...'.

SPORTS

سكان النحل

Czech Hockey Player Finds a Place If Not a Home, in NHL

By William Gildea
Washington Post Service
WASHINGTON — When Michal Pivonka defected from Czechoslovakia last summer, he took with him his fiancée. It was easier than leaving alone.

The Americanization of Michal Pivonka is, officially, a five-year proposition, after which he can become a U.S. citizen. It may not take that long for him to adjust to life in the West, or life in the NHL — he has 17 goals and 25 assists this season — but the Capitals' general manager, David Poole, who brought him to the United States, believes it could take years before Pivonka feels at home in either arena.

Back in the Prague suburb of Kladno, his father, Lubomir, has been demoted from a high school head coach in field events to assistant coach. Pivonka said, because of the deflection. "That means he gets a little bit less money."

"Maybe I was tired. Hard legs or something. First year. I don't know. It's much different. In Czechoslovakia, they have a much bigger ice rink. You have lots more time. Here, you must do everything faster. You must shoot faster. There are many more games, 80 games at home, we play 40 games, or 44. There's more contact here because of the smaller rinks. Much more body contact."



'I still miss my parents, my sister. I don't know when I can see them.' — Michal Pivonka

English Rugby Suspends 4 From Match in Wales

LONDON — England rugby team captain Richard Hill, lock forward Wade Dooley and front-row forwards Gareth Chilcott and Graham Dawe were suspended Tuesday for one match because of "totally unacceptable" behavior March 7 in a Five Nations game in Wales, officials of the English Rugby Football Union announced.



LONELY GOING — Susan Butcher, 1986 winner of the Iditarod Trail Sled Dog Race, trudging on through the Alaskan snow. She had dropped back into a tie for second place Monday, with 269 miles to go in the 888-mile annual race with a first prize of \$50,000.

Failed Role Models, Falling Expectations

New York Times Service
NEW YORK — Can you dare root for a U.S. college athlete anymore? This question is asked after the final dazzling game of David Robinson of the Naval Academy, who scored his uniform number, 50, against Michigan last week.

Woody Hayes was a patron saint. This old religion reporter once said with Phelps during a convocation of lay Roman Catholics on the Notre Dame campus and, take my word for it, he was more activist, more liberal, than most of the delegates. But Phelps said, "I'm going to give up some constitutional rights," and the first six players I interviewed agreed with him.

SPORTS BRIEFS

U.S.-German Cup Showdown
NEW YORK (AP) — The U.S. Davis Cup team, having been upset in the opening round by Paraguay, will have to defeat the upset West German team led by Boris Becker if it is to stay in the World Group in 1988.

European Soccer Tournaments: A Trying Time

LONDON — The European soccer community reflects an intriguing balance of human and national characteristics. Move an Englishman here, a West German, a Dane or a Dutchman there and one may hope that he can change the nature of his adopted club. Put a bit of backbone into things, perhaps.

Cleveland State Is Upset By Illinois State in NIT

CLEVELAND — Derrick Sanders scored 20 of his game-high 27 points in the second half Monday night as Illinois State defeated Cleveland State, 79-77, in a second-round game of the National Invitation Tournament.

SCOREBOARD

Table with multiple columns for Basketball (NBA Standings, NIT Results), Transition (Baseball, Football), Hockey (NHL Standings), and Tennis (Davis Cup, American Zone).

BLANCPAIN advertisement featuring a watch image and the text 'Since 1735 the oldest name in Swiss watchmaking.'

OBSERVER

Good to the Last Writ

By Russell Baker
NEW YORK — Legal columnist Billable Auer answers his readers' mail:
Dear Mr. Auer:
Since leaving my White House job to make a mint in the public relations business, I have been victimized by rumormongers. People said I broke some silly law against converting my White House career into heavy dough. I demanded and got the appointment of a special prosecutor to investigate and squelch this slander, but recently this prosecutor said he was going to have me indicted. Naturally, I asked the judge to declare special prosecutor unconstitutional so the whole business could be dropped, but the judge refused. Should I appeal to a higher court?
(Signed) Michael Deaver

Nowadays they've got these sweet-heart pens for government types. You could get a good read, read some of those great books you've always meant to get around to, and learn to grow terrific tomatoes.
Yours in service,
(Signed) Billable Auer

Dear Deaver:
The precedent for your plea is the case of People vs. Chutzpa, in which Myron Chutzpa, having murdered his mother and father, asked the court for mercy on ground that he was an orphan.
This infuriated the judge that he descended from the bench and beat Chutzpa severely about the head with his gavel. This gave Chutzpa ground for a successful appeal, after which, acting as his own attorney, he won a large sum from the judge by suing him for abusing an orphan.
If you, Mister Deaver, expect a similarly happy result, you are banking on the wrong plea. The legal system nowadays is so accustomed to proper argument that you are unlikely to find a judge, even on appeal, who is so glibly glib as to give you the gavel-thrashing you obviously hope to provoke.
Worse: suppose the court agrees with you that the special prosecutor you specifically requested was unconstitutional. You could be indicted for conspiring to commit an illegal investigation.
Even if you can beat this rap — and you certainly couldn't if I were the judge — you risk making the name Deaver synonymous with that of the notorious Chutzpa. Is that how you want to be remembered?
My advice: if they want to indict you for something that could mean the stammer, retain a veteran plea bargainer who will get the case quickly knocked down to something that carries a nice six- to nine-month sentence.
Respectfully unbillable yours,
(Signed) Auer

Dear Colonel:
I read between the lines correctly, you are thinking book, and I mean big book: blockbuster book with high six-figure advance and guaranteed nine-city tour including appearances on the "Today" show, "Kup," "Studs Terkel," "Johnny Carson," "Donahue," "The Larry King Show," NPR's "Weekend Edition," a surprise guest appearance playing "Wheel of Fortune" and maybe a confrontation with David Halberstam on Ted Koppel's "Nightline."
Naturally you don't want to tell everything to a bunch of congressmen for free because you have retained top-price Washington legal counsel, and even if you do, you'll be paid as cheap as mine, a colonel's salary won't buy you 45 minutes.
The trick is to write the book now. Instantly. Before you have to testify. You can't write a book! Don't worry. Most writers can't write a book either, but it doesn't stop them from writing them. Hire one for a percentage and work him night and day. If he gets it written before you start testifying, you're in clover.
An instant book that can be published while television is still rerunning your testimony can make publishers fight to come across with you lawyers. If you were my client, your writer would already be drooping with exhaustion.
Respectfully unbillable yours,
(Signed) Auer

John Coale: A Lawyer Courting Disaster

By Stephanie Mansfield
WASHINGTON — The law is ringing. It's Lauren Block from Los Angeles. Again.
"I'm calling about John Coale," she says. Coale is a Washington attorney who specializes in prime-time disasters. He was in Bhopal. He was at San Juan's Dupont Plaza. Mention Amtrak and Coale is already on board.
John Coale has gotten some bad press lately and Block, bearing there's another story in the works, just wants to set the record straight.
"The media just crucifies him," she explains, referring to the man who spends, she says, up to \$50,000 a day on investigators, deposition takers, hotels, meals and press conferences.
And what is Block's connection to this? Is she his public relations woman? "Yes, but nobody's supposed to know that," says Block, of Lauren Block and Associates. "It's not nice for a lawyer to have his own PR firm."
Coale is a quiet man of 41 with a ratty-polygait and a full head of black curls. "I do aerobics three times a week and I'm still fat." Twice divorced, John Purcell Coale has that pasty, rumpled look of a man on a perpetual diet of Whoppers, wine and Milk of Magnesia.
Ask him what the attraction is and he'll tell you he's a cowboy. Hustling cases, championing the little guys against the big bad corporations. "It's action. It's a fun game. You wanna get the bastards. This profession needs a touch of excitement. They're so dull themselves. Especially in this town. I don't like lawyers. And they don't like me at all."
Personal injury, or "PI" in legalese, is a high-risk, high-profit specialty of the law. In lieu of an hourly fee, PI lawyers work on a contingency basis, taking a percentage of any award or settlement. It's a crap shoot, Coale likes to say. You win, you win big. You lose, you eat at Burger King.
Some people say he's a nut. Others just call him a maverick. Coale says, "I consider my ethics much better than the American Bar Association. Those guys who continually depend on the status quo of corporate America. The law, in big law firms and law school, is set up as a form of slavery. They run a game on these guys. They work 'em 80 hours a week and then if you're real lucky you get to be a partner and if you're real real lucky you'll make some money someday and they let you in the country club."



John Coale specializes in prime-time disasters.

In December 1984, when he was sitting in a taxi by accident on the radio that a poison gas leak at the Union Carbide plant in Bhopal, India, had killed thousands of people and injured tens of thousands of others. "My instant reaction was: This is a tremendous case. It's going to be the biggest case in a long, long time."
Coale, up to then a small-time advocate, flew to India and managed to round up 68,000 signatures on retainers. He was the first of approximately a dozen American lawyers on the scene. There were press conferences and clandestine meetings. He thought his phone was bugged. He says that as a partner, Arthur D'Amico, paid off waiters to make sure their food wasn't poisoned. Why was he so paranoid? Coale says the Indian government was against him because he was trying to negotiate a \$350 million settlement for the victims.
After months of squabbling, the Bhopal cases were consolidated in federal court in New York and later turned over to the Indian government, to be settled in that country. Coale, who is no longer involved in the litigation, says he and two other lawyers lost hundreds of thousands of dollars in expenses. A proposed movie deal on the disaster has also fallen through.
In February 1986, the Association of Trial Lawyers in America passed a resolution condemning the solicitation of mass court cases, a direct result of the Bhopal disaster. Coale says he did nothing unethical. When pressed, he concedes that his behavior was "maybe not so tasteful."
He calls later with an update: The movie people want him. Something about a mini-series on Coale's life. There are two book offers pending. What would he call it? "Disasters I Have Known." He adds: "And loved."
A naive of naivete, he supported Barry Goldwater, and got kicked out of his private high school for stealing bubcaps, then attended the University of Maryland before graduating from the University of Baltimore's law school. He made the Law Review.
The second of seven children, he says he grew up in an upper-middle-class family. (His father was president of an envelope company.)
Why the law? "It was natural. I was interested in politics. It's a good way to exercise power in this country, to be a lawyer."
He was married at 19 (he has two grown children now) and went to work as an assistant state's attorney after graduating from law school. "I was there for four months and got fired for being arrested for drunk driving."

"I didn't really want to get involved in it. I was tired. It was Christmas. I just didn't want to go to another foreign country and take a lot of beat."
He arrived on the scene and told reporters the big-time disaster lawyers were like "a professional tennis circuit." His legal team was the first to file a lawsuit in connection with the fire, attracting the ire of the local legal establishment. The president of the Puerto Rican Bar Association called him a "vulture."
The "roadshow," as he calls his trips, involves logistical problems like finding the right hotel, setting up shop, flying experts in, taking depositions, getting typists and translators. "It's like hitting New Hampshire with the primary four days away."
Coale was extremely popular with one contingent of disaster watchers: the reporters. "He told us funny stories from Bhopal," says the NBC producer Nicole Szulc. "He kept us in stitches."
Coale first heard of the Amtrak crash when Szulc walked into the hotel bar and told the crew, "We're off the box today." The major news story would most likely mean no air time for the San Juan story. Two hours later, Szulc says, Coale returned to the bar and announced he had his first Amtrak client.
Coale says he wants to change the image of his profession. "I think the image of the lawyer is bad because they bail their clients, many of them are income tax evaders. You're a statistic, if you're an associate, it's how many 'billable hours.' Not how good a job you do. The system is in a shambles. It's a shame. A lot of kids go into law schools as idealists and they come out machines."
A week goes by. The phone rings. It's not Lauren Block. She's already left a message. It's Coale. "I'm calling from Belgium," he says. He's not really. It's a joke. But he is looking into the ferry accident. He's got a few British attorneys on the case. There are many deaths involved, after all, and scores of potential personal injury claims. "Who knows," he says. "There may be something."

PEOPLE

Engineer Student Wins Siberia Beauty Contest
A student at an institute for railroad engineers has won what is billed as Siberia's first beauty contest. The newspaper Sovietista Rossiya said 10,000 young women from Irkutsk, a city of about 600,000, took part in a contest sponsored by the city's Young Communist League and labor unions. Lyudmila Sevast'yanova was judged the "most charming and attractive."
What does the comic actress Whoopi Goldberg have in common with the fairy tale writer Hans Christian Andersen? Both were dyslexic, and now Goldberg has received the Hans Christian Andersen Award for outstanding achievement by a learning disorder. "After years of being considered as retarded," I think I am doing pretty good," Goldberg said after receiving the award in Los Angeles.
Anna Katrina Thumang, 28, was sentenced Monday to two years probation after pleading guilty to supplying heroin to the pop star Boy George. Testimony indicated she acted as a go-between for the Culture Club singer and his drug supplier, Stephen LaBrec. Thumang's defense lawyer was sentenced to six or four years for conspiracy to supply heroin to Boy George.
The former chief of staff Donald Regan plans to write a book about his years in the White House and as industry secretary in the Reagan administration. Norman Broder of the William Morris Agency said he is handling contracts with Regan and the former White House spokesman Larry Speakes for books and speeches.
A two-year-old Spanish girl, grinned, yelled and chattered Tuesday as she was enthralled and venerated as the reincarnation of dead Tibetan lamas in Dharamshala, India. Opa Hita is the fifth child of Maria, 32, and her husband, Pacho Hita, 39, who run a brickyard near Granada. He has been recognized as the reincarnation of their teacher, Thubten Yeshe, who died three years ago.

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